

## Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 IO-10 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

OIC-02 /099 W

----- 098693

R 031205Z JAN 76

FM AMEMBASSY PORT OF SPAIN

TO SECSTATE WASHDC 8653

INFO USDEL MTN GENEVA

LIMITED OFFICIAL USE PORT OF SPAIN 0010

E.O. 11652: N/A

TAGS: ETRD, MTN, TD

SUBJECT: MTN -- TROPICAL PRODUCTS NEGOTIATIONS

REF: A) STATE 287116; B) POS A-54 JUN 1975 C) POS A-54 JUL 1974

SUMMARY

ONLY SIGNIFICANT TARIFF BARRIER (COMMONWEALTH REVERSE PRE-  
FERENCES) FOR U.S. EXPORTS TO TRINIDAD HAS BEEN ELIMINATED  
EFFECTIVE JANUARY 1. THE EMBASSY HAS IN THE PAST IDENTIFIED  
A NUMBER OF NON-TARIFF BARRIERS (REF C) WHICH IMPEDE U.S.  
EXPORTS TO TRINIDAD, BUT DOUBTS THAT GOTT WILL MAKE SIGNIFICANT  
CONCESSIONS IN THIS AREA DUE TO DOMESTIC POLITICAL CONSIDERA-  
TIONS AND TO ITS ECONOMIC INTEGRATION OBLIGATIONS UNDER  
CARIBBEAN COMMON MARKET TREATY. EMBASSY WILL BE PLEASED TO  
REVIEW ANY SPECIAL OBJECTIVES WITH REGARD TO MTN WHICH  
DEPARTMENTS OF AGRICULTURE AND COMMERCE MAY SUGGEST AS CON-  
CESSIONS TO BE SOUGHT FROM TRINIDAD AND TOBAGO. END SUMMARY.

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1. TARIFF BARRIERS: TRINIDAD SENATE ON DECEMBER 31

APPROVED BILL ELIMINATING EFFECTIVE JANUARY 1 TRINIDAD'S TWO-COLUMN TARIFF WHICH GRANTED REVERSE PREFERENCES TO COMMONWEALTH SUPPLIER NATIONS. NEW RATES OF DUTY APPEAR TO HAVE BEEN FIXED ON A CASE-BY-CASE BASIS, AND IT IS NOT YET KNOWN WHEN NEW TARIFF SCHEDULE WILL BE PUBLISHED. BASED UPON FORMER RATES, HOWEVER, IMF HAD CALCULATED THAT EFFECTIVE RATE OF DUTY ON ALL OF TRINIDAD'S IMPORTS WAS ONLY 6.6 PERCENT, LARGELY DUE TO FACT THAT OVER HALF OF TRINIDAD'S IMPORTS ARE DUTY-FREE (REF B). BASED UPON DISCUSSIONS WITH LOCAL IMPORTERS, EMBASSY KNOWS OF NO PRODUCT CATEGORIES IN WHICH RATE OF DUTY IS A SIGNIFICANT BARRIER TO IMPORTATION OF U.S. GOODS, NOR ANY PARTICULAR CATEGORY IN WHICH REDUCTION OR ELIMINATION OF DUTY WOULD LEAD TO SIGNIFICANTLY INCREASED SALES BY U.S. EXPORTERS AT EXPENSE OF OTHER SUPPLIERS.

2. ACCORDING TO IMPORTERS, RATE OF DUTY PAID ON DUTIABLE IMPORTS FROM U.S. IS A VERY MINOR FACTOR IN SELECTION OF SUPPLIER, AS PRICE, MARKET FAMILIARITY, TRADITIONAL SUPPLIER RELATIONSHIPS, AND (MOST RECENTLY) HIGH FOREIGN EXCHANGE COST OF U.S. DOLLAR (WHEN COMPARED WITH STERLING) ALL ARE MUCH MORE IMPORTANT FACTORS. GIVEN TRINIDAD'S RELATIVELY FAVORED POSITION AS A SMALL PETROLEUM PRODUCER, THE GOTT HAS NOT HAD TO RESTRICT IMPORTS (THROUGH HIGH DUTIES OR ANY OTHER MEASURES) SOLELY TO CONSERVE FOREIGN EXCHANGE. IN ORDER TO MITIGATE EFFECTS OF WORLD-WIDE INFLATION IN THIS IMPORT-DEPENDENT ECONOMY, GOTT SUBSIDIZED PRICES, HAS REDUCED OR ELIMINATED PURCHASE TAXES ON SOME CONSUMER ITEMS, AND IS CONSIDERING WAIVING IMPORT DUTIES ON OTHER GOODS. THUS EMBASSY DOES NOT FEEL THERE IS MUCH TO BE GAINED BY SEEKING TARIFF CONCESSIONS FROM GOTT IN MTN.

3. NON-TARIFF MEASURES: REF C INVENTORIED TRINIDADIAN NTB'S AND CONCLUDED THAT FOLLOWING WERE OF INTEREST TO U.S.: NEGATIVE LIST, MAXIMUM PRICE CONTROLS, QUOTAS ON CERTAIN AGRICULTURAL PRODUCTS, REGIONAL TRADE AGREEMENTS, AND HEALTH STANDARDS. THE TWO MOST IMPORTANT OF THESE ARE THE NEGATIVE LIST AND THE AGRICULTURAL MARKETING PROTOCOLS TO THE REGIONAL TRADE AGREEMENTS.

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4. THE NEGATIVE LIST OF ITEMS WHICH REQUIRE A PRIOR IMPORT LICENSE IS A PROTECTIVE DEVICE FOR INFANT INDUSTRIES, ASSEMBLY PLANTS, FOOD PROCESSORS, ETC. ALTHOUGH THERE IS SOME POPULAR SETIMENT IN FAVOR OF RESTRICTING COVERAGE OF THE NEGATIVE LIST, THE INTERESTS WHICH BENEFIT FROM IT ARE WELL-ORGANIZED AND USUALLY CLAIM THAT IT PERMITS CREATION OF ADDITIONAL EMPLOYMENT, AN ARGUMENT WHICH FINDS SPECIAL FAVOR WITH THE GOTT. FURTHERMORE, GOTT OFFICIALS

CLAIM THAT THEY ARE QUITE FLEXIBLE IN THEIR INTERPRETATION OF THE NEGATIVE LIST (SEE POS 3028 - NOTAL), SO THEY ARE NOT LIKELY TO BE RECEPTIVE TO A NON-SPECIFIC U.S. PLEA FOR REDUCTION OF THE NEGATIVE LIST PRODUCT COVERAGE AT MTN. THE CARICOM COUNTRIES ARE SUPPOSED TO DEVELOP A COMMON PROTECTIVE POLICY, WHICH MIGHT PERMIT REDUCTION OF NEGATIVE LIST AND OTHER PROTECTIVE MEASURES ON A REGION-WIDE BASIS.

5. AGRICULTURAL MARKETING PROTOCOLS REQUIRE CARICOM MEMBERS TO PURCHASE THEIR REQUIREMENTS OF CERTAIN ITEMS (RICE, POTATOES, EDIBLE OIL, ETC.) FROM EACH OTHER, AND ONLY IF THERE IS AN OVERALL DEFICIT IN THE REGION CAN MEMBERS TURN TO OUTSIDE SUPPLIERS. THIS SIGNIFICANTLY AFFECTS U.S. SALES OF RICE TO THE REGION, AND POTENTIALLY CAN AFFECT SALES OF OTHER U.S. GOODS. THESE PROTOCOLS ARE AN INTEGRAL PART OF THE ECONOMIC INTEGRATION AGREEMENTS WHICH FORMED THE CARIBBEAN FREE TRADE AREA (CARIFTA) AND ITS SUCCESSOR, THE CARIBBEAN COMMUNITY (CARICOM). IT IS NOT LIKELY, THEREFORE, THAT THE GOVERNMENTS CONCERNED WOULD BE WILLING TO MAKE SIGNIFICANT CONCESSIONS IN THIS AREA, AND IT PROBABLY WOULD BE IMPRACTICAL TO BRING UP IN THE CONTEXT OF MTN CONCESSIONS DESIRED FROM TRINIDAD ALONE.

6. EMBASSY WILL BE PLEASED TO REVIEW AND COMMENT UPON ANY SUGGESTIONS BY WASHINGTON AGENCIES AS TO SPECIFIC PRODUCTS ON WHICH CONCESSIONS MIGHT BE SOUGHT.

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 03 JAN 1976  
**Decaption Date:** 01 JAN 1960  
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**Disposition Approved on Date:**  
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**Disposition Case Number:** n/a  
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**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
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